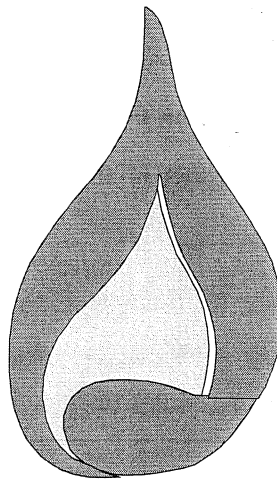


Year Ending June 30, 2004

ANNUAL REPORT
OF
Cut Bank Gas Company

GAS UTILITY



TO THE
PUBLIC SERVICE COMMISSION
STATE OF MONTANA
1701 PROSPECT AVENUE
P.O. BOX 202601
HELENA, MT 59620-2601

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PUBLIC SERVICE
COMMISSION
JUL 28 10:02 AM '04

Gas Annual Report

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Gas Annual Report

Instructions

General

1. A Microsoft EXCEL 2000 workbook of the annual report is being provided on computer disk for your convenience. The workbook contains the schedules of the annual report. Each schedule is on the worksheet named that schedule. For example, Schedule 1 is on the sheet titled "Schedule 1". By entering your company name in the cell named "Company" of the first worksheet, the spreadsheet will put your company name on all the worksheets in the workbook. The same is true for inputting the year of the report in the cell named "YEAR". You can "GOTO" the proper cell by using the F5 key and selecting the name of the cell.
2. The workbook contains input sections that are unprotected, and non-input sections that are protected. Cell protection can be disabled or enabled through "TOOLS – PROTECTION – UNPROTECT SHEET" on your toolbar. Formulas and checks are built into most of the templates.
3. Use of the disk is optional. The disk and the report cover shall be returned when the report is filed. There are macros built into the workbook to assist you with the report. An explanation of the macros is on the "Control" worksheet at the front of the workbook. The explanations start at cell A1.
4. All forms must be filled out in permanent ink and be legible. Note: Even if the computer disk is used, a printed version of the report shall be filed. **Please submit one unbound copy of the annual report along with the regular number of annual reports that you submit.** This aids in scanning the report so that it may be published on our web site. The orientation and margins are set up on each individual worksheet and should print on one page. If you elect not to use the disk, please format your reports to fit on one 8.5" by 11" page with the left binding edge (top if landscaped) set at .85", the right edge (bottom if landscaped) set at .4", and the remaining two margins at .5". You may select specific schedules to print – See the worksheet "CONTROL".
5. Indicate negative amounts (such as decreases) by enclosing the figures in parentheses ().
6. Where space is a consideration, information on financial schedules may be rounded to thousands of dollars. Companies submitting schedules rounded to thousands shall so indicate at the top of the schedule.
7. Where more space is needed or more than one schedule is needed additional schedules may be attached and shall be included directly behind the original schedule to which it pertains and be labeled accordingly (for example, Schedule 1A).
8. The information required with respect to any statement shall be furnished as a minimum requirement to which shall be added such further information as is necessary to make the required schedules not misleading.
9. All companies owned by another company shall attach a corporate structure chart of the holding company.

10. Schedules that have no activity during the year or are not applicable to the respondent shall be marked as not applicable and submitted with the report.
11. The following schedules shall be filled out with information on a total company basis:

Schedules 1 through 5
Schedules 6 and 7
Schedule 14
Schedule 17 and 18
Schedules 23 through 26
Schedule 33

All other schedules shall be filled out with either Montana specific data, or both total company and Montana specific data, as indicated in the schedule titles and headings.

Financial schedules shall include all amounts originating in Montana or allocated to Montana from other jurisdictions.

12. For schedules where information may be provided using Mcf or Dkt, circle Mcf or Dkt to indicate which measurement is being reported. (For example, schedules 28, 32, 33 and 34).
13. FERC Form-2 sheets may not be substituted in lieu of completing annual report schedules.
14. Common sense must be used when filling out all schedules.

Specific Instructions

Schedules 6 and 7

1. All transactions with affiliated companies shall be reported. The definition of affiliated companies as set out in 18 C.F.R. Part 201 shall be used.
2. Column (c). Respondents shall indicate in column (c) the method used to determine the price. Respondents shall indicate if a contract is in place between the Affiliate and the Utility. If a contract is in place, respondents shall indicate the year the contract was initiated, the term of the contract and the method used to determine the contract price.
3. Column (c). If the method used to determine the price is different than the previous year, respondents shall provide an explanation, including the reason for the change.

Schedules 8, 18, and 23

1. Include all notes to the financial statements required by the FERC or included in the financial statements issued as audited financial statements. These notes shall be included in the report directly behind the schedules and shall be labeled appropriately (Schedule 8A, etc.).

Schedule 12

1. Respondents shall disclose all payments made during the year for services where the aggregate payment to the recipient was \$5,000 or more. Utilities having jurisdictional revenue equal to or in excess of \$1,000,000 shall report aggregate payments of \$25,000 or more. Utilities having jurisdictional revenue

equal to or in excess of \$10,000,000 shall report aggregate payments of \$75,000 or more. Payments must include fees, retainers, commissions, gifts, contributions, assessments, bonuses, subscriptions, allowances for expenses or any other form of payment for services or as a donation.

Schedule 14

1. Companies with more than one plan (for example, both a retirement plan and a deferred savings plan) shall complete a schedule for each plan.
2. Companies with defined benefit plans must complete the entire form using FASB 87 and 132 guidelines.
3. Interest rate percentages shall be listed to two decimal places.

Schedule 15

1. All changes in the employee benefit plans shall be explained in a narrative on lines 15 and 16. All cost containment measures implemented in the reporting year shall be explained and quantified in a narrative on lines 15 and 16. All assumptions used in quantifying cost containment results shall be disclosed.
2. Schedule 15 shall be filled out using FASB 106 and 132 guidelines.

Schedule 16

1. Include in the "other" column ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
2. The above compensation items shall be listed separately. Where more space is needed additional schedules may be attached directly behind the original schedule.

Schedule 17

1. Respondents shall provide all executive compensation information in conformance with that required by the Securities and Exchange Commission (SEC) (Regulation S-K Item 402, Executive Compensation).
2. Include in the "other" column ALL additional forms of compensation, including, but not limited to: deferred compensation, deferred savings plan, profit sharing, supplemental or non-qualified retirement plan, employee stock ownership plan, restricted stock, stock options, stock appreciation rights, performance share awards, dividend equivalent shares, mortgage payments, use of company cars or car lease payments, tax preparation consulting, financial consulting, home security systems, company-paid physicals, subscriptions to periodicals, memberships, association or club dues, tuition reimbursement, employee discounts, and spouse travel.
3. All items included in the "other" compensation column shall be listed separately. Where more space is needed additional schedules may be attached directly behind the original schedule.

4. In addition, respondents shall attach a copy of the executive compensation information provided to the SEC.

Schedule 24

1. Interest expense and debt issuance expense shall be included in the annual net cost column.

Schedule 26

1. Earnings per share and dividends per share shall be reported on a quarterly basis and entries shall be made only to the months that end the respective quarters (for example, March, June, September, and December.)
2. The retention and price/earnings ratios shall be calculated on a year end basis. Enter the actual year end market price in the "TOTAL Year End" row. If the computer disk is used, enter the year end market price in the "High" column.

Schedule 27

1. All entries to lines 9 or 16 must be detailed separately on an attached sheet.
2. Only companies who have specifically been authorized in a Commission Order to include cash working capital in ratebase may include cash working capital in lines 9 or 16. Cash working capital must be calculated using the methodology approved in the Commission Order. The Commission Order specifying cash working capital shall be noted on the attached sheet.
2. Indicate, for each adjustment on lines 28 through 46, if the amount is updated or is from the last rate case. All adjustments shall be calculated using Commission methodology.

Schedule 28

1. Information from this schedule is consolidated with information from other Utilities and reported to the National Association of Regulatory Utility Commissioners (NARUC). Your assistance in completing this schedule, even though information may be located in other areas of the annual report, expedites reporting to the NARUC and is appreciated.

Schedule 31

1. This schedule shall be completed for the year following the reporting year.
2. Respondents shall itemize projects of \$50,000 or more. Utilities having jurisdictional revenue equal to or in excess of \$1,000,000 shall itemize projects of \$100,000 or more. Utilities having jurisdictional revenue equal to or in excess of \$10,000,000 shall itemize projects of \$1,000,000 or more. All projects that are not itemized shall be reported in aggregate and labeled as Other.

Schedule 34

1. In addition to a description, the year the program was initiated and the projected life of the program shall be included in the program description column.
2. On an attached sheet, define program "participant" and program conservation "unit" for each program. Also, provide the number of program participants and the number of units acquired or processed during this reporting year.

IDENTIFICATION

Year: 2004

- | | | |
|-----|---|-----------------------------------|
| 1. | Legal Name of Respondent: | Cut Bank Gas Company |
| 2. | Name Under Which Respondent Does Business: | Cut Bank Gas Company |
| 3. | Date Utility Service First Offered in Montana: | November 19, 1956 |
| 4. | Address to send Correspondence Concerning Report: | 403 E. Main
Cut Bank, MT 59427 |
| 5. | Person Responsible for This Report: | Daniel F. Whetstone |
| 5a. | Telephone Number: | (406) 873-5531 |

Control Over Respondent

- | | |
|-----|--|
| 1. | If direct control over the respondent was held by another entity at the end of year provide the following: |
| 1a. | Name and address of the controlling organization or person: |
| 1b. | Means by which control was held: |
| 1c. | Percent Ownership: |

SCHEDULE 2

Board of Directors		
Line No.	Name of Director and Address (City, State) (a)	Remuneration (b)
1	Daniel F. Whetstone Cut Bank, Montana	None
2	James R. DeKaye Cut Bank, Montana	7,600
3	David F. Stufft Cut Bank, Montana	4,000
4	Ward F. Junkermier Great Falls, Montana	4,000
5	D. Jasen Whetstone Rio Linda, California	4,000
6		
7		
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14		
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19		
20		

Officers

Year: 2004

Line No.	Title of Officer (a)	Department Supervised (b)	Name (c)
1	President	All	Daniel F. Whetstone
2	Vice-President	None	James R. DeKaye
3	Secretary	None	David F. Stufft
4	Treasurer	None	Ward F. Junkermier
5			
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CORPORATE STRUCTURE

Year: 2004

	Subsidiary/Company Name	Line of Business	Earnings	Percent of Total
1	Not applicable, Cut Bank Gas Company has no affiliates.			
2				
3				
4				
5				
6				
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42				
43				
44				
45				
46				
47				
48				
49				
50	TOTAL			

CORPORATE ALLOCATIONS

Year: 2004

	Items Allocated	Classification	Allocation Method	\$ to MT Utility	MT %	\$ to Other
1	Cut Bank Gas Company has no corporate allocations.					
2						
3						
4						
5						
6						
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28						
29						
30						
31						
32						
33						
34	TOTAL					

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED TO UTILITY Year: 2004

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Utility	(e) % Total Affil. Revs.	(f) Charges to MT Utility
1						
2	Not applicable, Cut Bank Gas Company has no affiliates.					
3						
4						
5						
6						
7						
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25						
26						
27						
28						
29						
30						
31						
32	TOTAL					

AFFILIATE TRANSACTIONS - PRODUCTS & SERVICES PROVIDED BY UTILITY Year: 2004

Line No.	(a) Affiliate Name	(b) Products & Services	(c) Method to Determine Price	(d) Charges to Affiliate	(e) % Total Affil. Exp.	(f) Revenues to MT Utility
1						
2	Not applicable, Cut Bank Gas Company has no affiliates.					
3						
4						
5						
6						
7						
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9						
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29						
30						
31						
32	TOTAL					

MONTANA UTILITY INCOME STATEMENT

Year: 2004

	Account Number & Title	Last Year	This Year	% Change
1	400 Operating Revenues	1,260,638	1,767,684	40.22%
2				
3	Operating Expenses			
4	401 Operation Expenses	1,083,754	1,578,470	45.65%
5	402 Maintenance Expense	84,800	107,326	26.56%
6	403 Depreciation Expense	28,918	33,161	14.67%
7	404-405 Amort. & Depl. of Gas Plant	-	-	
8	406 Amort. of Gas Plant Acquisition Adjustments	-	-	
9	407.1 Amort. of Property Losses, Unrecovered Plant			
10	& Regulatory Study Costs	-	-	
11	407.2 Amort. of Conversion Expense	-	-	
12	408.1 Taxes Other Than Income Taxes	54,514	67,549	23.91%
13	409.1 Income Taxes - Federal	-	-	
14	- Other	1,509	50	-96.69%
15	410.1 Provision for Deferred Income Taxes	-	561	#DIV/0!
16	411.1 (Less) Provision for Def. Inc. Taxes - Cr.	(615)	-	100.00%
17	411.4 Investment Tax Credit Adjustments	-	-	
18	411.6 (Less) Gains from Disposition of Utility Plant	-	-	
19	411.7 Losses from Disposition of Utility Plant	-	-	
20	TOTAL Utility Operating Expenses	1,252,880	1,787,117	42.64%
21	NET UTILITY OPERATING INCOME	7,758	(19,433)	-350.49%

MONTANA REVENUES

SCHEDULE 9

	Account Number & Title	Last Year	This Year	% Change
1	Sales of Gas			
2	480 Residential	1,251,586	1,764,373	40.97%
3	481 Commercial & Industrial - Small	-	-	
4	Commercial & Industrial - Large	-	-	
5	482 Other Sales to Public Authorities	-	-	
6	484 Interdepartmental Sales	-	-	
7	485 Intracompany Transfers	-	-	
8	TOTAL Sales to Ultimate Consumers	1,251,586	1,764,373	40.97%
9	483 Sales for Resale	-	-	
10	TOTAL Sales of Gas	1,251,586	1,764,373	40.97%
11	Other Operating Revenues			
12	487 Forfeited Discounts & Late Payment Revenues	-	-	
13	488 Miscellaneous Service Revenues	1,560	1,466	-6.03%
14	489 Revenues from Transp. of Gas for Others	-	-	
15	490 Sales of Products Extracted from Natural Gas	-	-	
16	491 Revenues from Nat. Gas Processed by Others	-	-	
17	492 Incidental Gasoline & Oil Sales	-	-	
18	493 Rent From Gas Property	-	-	
19	494 Interdepartmental Rents	-	-	
20	495 Other Gas Revenues (Schedule 9A)	7,492	1,845	-75.37%
21	TOTAL Other Operating Revenues	9,052	3,311	-63.42%
22	Total Gas Operating Revenues	1,260,638	1,767,684	40.22%
23				
24	496 (Less) Provision for Rate Refunds	-	-	
25				
26	TOTAL Oper. Revs. Net of Pro. for Refunds	1,260,638	1,767,684	40.22%

CUT BANK GAS CO.
SCHEDULE TO ATTACH TO PSC REPORT
JUNE 30, 2004

LINE 20 SCH 9 OTHER GAS REVENUE

	LAST YEAR	THIS YEAR	% CHANGE
Interest Income	1,567	1,010	-35.55%
Patronage Dividend	229	231	0.87%
Miscellaneous	5,696	604	-89.40%
Totals	7,492	1,845	-75.37%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2004

Account Number & Title			Last Year	This Year	% Change
1	Production Expenses				
2	Production & Gathering - Operation				
3	750	Operation Supervision & Engineering	25,973	28,953	11.47%
4	751	Production Maps & Records	-	-	
5	752	Gas Wells Expenses	-	-	
6	753	Field Lines Expenses	-	-	
7	754	Field Compressor Station Expenses	5,892	7,408	25.73%
8	755	Field Compressor Station Fuel & Power	-	-	
9	756	Field Measuring & Regulating Station Expense	-	-	
10	757	Purification Expenses	-	-	
11	758	Gas Well Royalties	9,835	15,414	56.73%
12	759	Other Expenses	-	-	
13	760	Rents	-	-	
14	Total Operation - Natural Gas Production		41,700	51,775	24.16%
15	Production & Gathering - Maintenance				
16	761	Maintenance Supervision & Engineering	-	-	
17	762	Maintenance of Structures & Improvements	-	-	
18	763	Maintenance of Producing Gas Wells	14,398	18,993	31.91%
19	764	Maintenance of Field Lines	1,287	1,252	-2.72%
20	765	Maintenance of Field Compressor Sta. Equip.	-	-	
21	766	Maintenance of Field Meas. & Reg. Sta. Equip.	-	-	
22	767	Maintenance of Purification Equipment	-	-	
23	768	Maintenance of Drilling & Cleaning Equip.	-	-	
24	769	Maintenance of Other Equipment	-	-	
25	Total Maintenance- Natural Gas Prod.		15,685	20,245	29.07%
26	TOTAL Natural Gas Production & Gathering		57,385	72,020	25.50%
27	Products Extraction - Operation				
28	770	Operation Supervision & Engineering	-	-	
29	771	Operation Labor	-	-	
30	772	Gas Shrinkage	-	-	
31	773	Fuel	-	-	
32	774	Power	-	-	
33	775	Materials	-	-	
34	776	Operation Supplies & Expenses	-	-	
35	777	Gas Processed by Others	-	-	
36	778	Royalties on Products Extracted	-	-	
37	779	Marketing Expenses	-	-	
38	780	Products Purchased for Resale	-	-	
39	781	Variation in Products Inventory	-	-	
40	782	(Less) Extracted Products Used by Utility - Cr.	-	-	
41	783	Rents	-	-	
42	Total Operation - Products Extraction		-	-	
43	Products Extraction - Maintenance				
44	784	Maintenance Supervision & Engineering	-	-	
45	785	Maintenance of Structures & Improvements	-	-	
46	786	Maintenance of Extraction & Refining Equip.	-	-	
47	787	Maintenance of Pipe Lines	-	-	
48	788	Maintenance of Extracted Prod. Storage Equip.	-	-	
49	789	Maintenance of Compressor Equipment	-	-	
50	790	Maintenance of Gas Meas. & Reg. Equip.	-	-	
51	791	Maintenance of Other Equipment	-	-	
52	Total Maintenance - Products Extraction		-	-	
53	TOTAL Products Extraction		-	-	

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2004

Account Number & Title		Last Year	This Year	% Change
1	Production Expenses - continued			
2				
3	Exploration & Development - Operation			
4	795 Delay Rentals	-	-	
5	796 Nonproductive Well Drilling	-	-	
6	797 Abandoned Leases	-	-	
7	798 Other Exploration	-	-	
8	TOTAL Exploration & Development	-	-	
9				
10	Other Gas Supply Expenses - Operation			
11	800 Natural Gas Wellhead Purchases	-	-	
12	800.1 Nat. Gas Wellhead Purch., Intracomp. Trans.	-	-	
13	801 Natural Gas Field Line Purchases	-	-	
14	802 Natural Gas Gasoline Plant Outlet Purchases	-	-	
15	803 Natural Gas Transmission Line Purchases	-	-	
16	804 Natural Gas City Gate Purchases	559,024	1,016,092	81.76%
17	805 Other Gas Purchases	-	-	
18	805.1 Purchased Gas Cost Adjustments	-	-	
19	805.2 Incremental Gas Cost Adjustments	-	-	
20	806 Exchange Gas	-	-	
21	807.1 Well Expenses - Purchased Gas	-	-	
22	807.2 Operation of Purch. Gas Measuring Stations	-	-	
23	807.3 Maintenance of Purch. Gas Measuring Stations	-	-	
24	807.4 Purchased Gas Calculations Expenses	-	-	
25	807.5 Other Purchased Gas Expenses	-	-	
26	808.1 Gas Withdrawn from Storage -Dr.	-	-	
27	808.2 (Less) Gas Delivered to Storage -Cr.	-	-	
28	809.2 (Less) Deliveries of Nat. Gas for Processing-Cr.	-	-	
29	810 (Less) Gas Used for Compressor Sta. Fuel-Cr.	-	-	
30	811 (Less) Gas Used for Products Extraction-Cr.	-	-	
31	812 (Less) Gas Used for Other Utility Operations-Cr.	-	-	
32	813 Other Gas Supply Expenses	-	-	
33	TOTAL Other Gas Supply Expenses	559,024	1,016,092	81.76%
34				
35	TOTAL PRODUCTION EXPENSES	616,409	1,088,112	76.52%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2004

Account Number & Title		Last Year	This Year	% Change
1	Storage, Terminaling & Processing Expenses			
2				
3	Underground Storage Expenses - Operation			
4	814 Operation Supervision & Engineering	-	-	
5	815 Maps & Records	-	-	
6	816 Wells Expenses	-	-	
7	817 Lines Expenses	-	-	
8	818 Compressor Station Expenses	Cut Bank Gas Company has no expense of this nature on this page.		
9	819 Compressor Station Fuel & Power			
10	820 Measuring & Reg. Station Expenses			
11	821 Purification Expenses	-	-	
12	822 Exploration & Development	-	-	
13	823 Gas Losses	-	-	
14	824 Other Expenses	-	-	
15	825 Storage Well Royalties	-	-	
16	826 Rents	-	-	
17	Total Operation - Underground Strg. Exp.	-	-	
18				
19	Underground Storage Expenses - Maintenance			
20	830 Maintenance Supervision & Engineering	-	-	
21	831 Maintenance of Structures & Improvements	-	-	
22	832 Maintenance of Reservoirs & Wells	-	-	
23	833 Maintenance of Lines	-	-	
24	834 Maintenance of Compressor Station Equip.	-	-	
25	835 Maintenance of Meas. & Reg. Sta. Equip.	-	-	
26	836 Maintenance of Purification Equipment	-	-	
27	837 Maintenance of Other Equipment	-	-	
28	Total Maintenance - Underground Storage	-	-	
29	TOTAL Underground Storage Expenses	-	-	
30				
31	Other Storage Expenses - Operation			
32	840 Operation Supervision & Engineering	-	-	
33	841 Operation Labor and Expenses	-	-	
34	842 Rents	-	-	
35	842.1 Fuel	-	-	
36	842.2 Power	-	-	
37	842.3 Gas Losses	-	-	
38	Total Operation - Other Storage Expenses	-	-	
39				
40	Other Storage Expenses - Maintenance			
41	843.1 Maintenance Supervision & Engineering	-	-	
42	843.2 Maintenance of Structures & Improvements	-	-	
43	843.3 Maintenance of Gas Holders	-	-	
44	843.4 Maintenance of Purification Equipment	-	-	
45	843.6 Maintenance of Vaporizing Equipment	-	-	
46	843.7 Maintenance of Compressor Equipment	-	-	
47	843.8 Maintenance of Measuring & Reg. Equipment	-	-	
48	843.9 Maintenance of Other Equipment	-	-	
49	Total Maintenance - Other Storage Exp.	-	-	
50	TOTAL - Other Storage Expenses	-	-	
51				
52	TOTAL - STORAGE, TERMINALING & PROC.	-	-	

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2004

Account Number & Title			Last Year	This Year	% Change
1	Transmission Expenses				
2	Operation				
3	850	Operation Supervision & Engineering	-	-	
4	851	System Control & Load Dispatching	-	-	
5	852	Communications System Expenses	-	-	
6	853	Compressor Station Labor & Expenses	-	-	
7	854	Gas for Compressor Station Fuel	-	-	
8	855	Other Fuel & Power for Compressor Stations	-	-	
9	856	Mains Expenses	-	-	
10	857	Measuring & Regulating Station Expenses	-	-	
11	858	Transmission & Compression of Gas by Others	-	-	
12	859	Other Expenses	-	-	
13	860	Rents	-	-	
14	Total Operation - Transmission		-	-	
15	Maintenance				
16	861	Maintenance Supervision & Engineering	-	-	
17	862	Maintenance of Structures & Improvements	-	-	
18	863	Maintenance of Mains	-	-	
19	864	Maintenance of Compressor Station Equip.	-	-	
20	865	Maintenance of Measuring & Reg. Sta. Equip.	-	-	
21	866	Maintenance of Communication Equipment	-	-	
22	867	Maintenance of Other Equipment	-	-	
23	Total Maintenance - Transmission		-	-	
24	TOTAL Transmission Expenses		-	-	
25	Distribution Expenses				
26	Operation				
27	870	Operation Supervision & Engineering	8,790	10,058	14.43%
28	871	Distribution Load Dispatching	-	-	
29	872	Compressor Station Labor and Expenses	-	-	
30	873	Compressor Station Fuel and Power	-	-	
31	874	Mains and Services Expenses	36,358	33,803	-7.03%
32	875	Measuring & Reg. Station Exp.-General	-	-	
33	876	Measuring & Reg. Station Exp.-Industrial	-	-	
34	877	Meas. & Reg. Station Exp.-City Gate Ck. Sta.	-	-	
35	878	Meter & House Regulator Expenses	33,614	21,862	-34.96%
36	879	Customer Installations Expenses	14,497	13,346	-7.94%
37	880	Other Expenses	2,221	2,458	10.67%
38	881	Rents	-	-	
39	Total Operation - Distribution		95,480	81,527	-14.61%
40	Maintenance				
41	885	Maintenance Supervision & Engineering	-	-	
42	886	Maintenance of Structures & Improvements	-	-	
43	887	Maintenance of Mains	43,420	46,431	6.93%
44	888	Maint. of Compressor Station Equipment	-	-	
45	889	Maint. of Meas. & Reg. Station Exp.-General	-	-	
46	890	Maint. of Meas. & Reg. Sta. Exp.-Industrial	-	-	
47	891	Maint. of Meas. & Reg. Sta. Equip.-City Gate	-	-	
48	892	Maintenance of Services	-	-	
49	893	Maintenance of Meters & House Regulators	625	11,552	1748.32%
50	894	Maintenance of Other Equipment	-	-	
51	Total Maintenance - Distribution		44,045	57,983	31.64%
52	TOTAL Distribution Expenses		139,525	139,510	-0.01%

MONTANA OPERATION & MAINTENANCE EXPENSES

Year: 2004

Account Number & Title		Last Year	This Year	% Change
1				
2	Customer Accounts Expenses			
3	Operation			
4	901 Supervision	-	-	
5	902 Meter Reading Expenses	22,027	24,259	10.13%
6	903 Customer Records & Collection Expenses	41,138	43,101	4.77%
7	904 Uncollectible Accounts Expenses	2,979	7,928	166.13%
8	905 Miscellaneous Customer Accounts Expenses	11,136	11,131	-0.04%
9				
10	TOTAL Customer Accounts Expenses	77,280	86,419	11.83%
11				
12	Customer Service & Informational Expenses			
13	Operation			
14	907 Supervision	-	-	
15	908 Customer Assistance Expenses	-	-	
16	909 Informational & Instructional Advertising Exp.	-	-	
17	910 Miscellaneous Customer Service & Info. Exp.	-	-	
18				
19	TOTAL Customer Service & Info. Expenses	-	-	
20				
21	Sales Expenses			
22	Operation			
23	911 Supervision	-	-	
24	912 Demonstrating & Selling Expenses	-	-	
25	913 Advertising Expenses	2,252	4,440	97.16%
26	916 Miscellaneous Sales Expenses	-	-	
27				
28	TOTAL Sales Expenses	2,252	4,440	97.16%
29				
30	Administrative & General Expenses			
31	Operation			
32	920 Administrative & General Salaries	100,491	104,932	4.42%
33	921 Office Supplies & Expenses	12,493	16,153	29.30%
34	922 (Less) Administrative Expenses Transferred - Cr.	-	-	
35	923 Outside Services Employed	36,263	44,772	23.46%
36	924 Property Insurance	18,785	16,959	-9.72%
37	925 Injuries & Damages	22,804	20,868	-8.49%
38	926 Employee Pensions & Benefits	38,071	49,598	30.28%
39	927 Franchise Requirements	-	-	
40	928 Regulatory Commission Expenses	13,651	19,276	41.21%
41	929 (Less) Duplicate Charges - Cr.	-	-	
42	930.1 General Advertising Expenses	-	-	
43	930.2 Miscellaneous General Expenses (Sched. 10A)	45,523	45,229	-0.65%
44	931 Rents	2,958	3,020	2.10%
45	933 Transportation	16,979	17,410	2.54%
46	TOTAL Operation - Admin. & General	308,018	338,217	9.80%
47	Maintenance			
48	935 Maintenance of General Plant	25,070	29,098	16.07%
49				
50	TOTAL Administrative & General Expenses	333,088	367,315	10.28%
51	TOTAL OPERATION & MAINTENANCE EXP.	1,168,554	1,685,796	44.26%

SCHEDULE 10A

CUT BANK GAS CO.
SCHEDULE TO ATTACH TO PSC REPORT
JUNE 30, 2004

LINE 43 SCH 10 MISCELLANEOUS GENERAL EXPENSE

	LAST YEAR	THIS YEAR	% CHANGE
Interest expense	8,788	9,934	13.04%
Donations	1,860	1,375	-26.08%
Miscellaneous expense	34,364	33,610	-2.19%
Communication expense	511	310	-39.33%
Totals	45,523	45,229	-0.65%

MONTANA TAXES OTHER THAN INCOME

Year: 2004

	Description of Tax	Last Year	This Year	% Change
1	Payroll Taxes	31,467	35,535	12.93%
2	Montana Consumer Counsel	1,126	1,915	70.07%
3	Montana PSC	2,752	5,189	88.55%
4	Property Taxes	8,678	12,348	42.29%
5	Tribal Taxes	1,479	1,479	
6	Natural Gas Production Tax	7,594	9,725	28.06%
7	Vehicle Licenses	1,418	1,358	-4.23%
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49				
50				
51	TOTAL MT Taxes other than Income	54,514	67,549	23.91%

PAYMENTS FOR SERVICES TO PERSONS OTHER THAN EMPLOYEES

Year: 2004

	Name of Recipient	Nature of Service	Total Company	Montana	% Montana
1	David F. Stufft	Attorney	14,779	14,779	100.00%
2	JCCS, CPA's	Accountants	29,369	29,369	100.00%
3					
4					
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49					
50	TOTAL Payments for Services		44,148	44,148	100%

POLITICAL ACTION COMMITTEES / POLITICAL CONTRIBUTIONS Year: 2004

	Description	Total Company	Montana	% Montana
1				
2	Cut Bank Gas Company does not make political contributions.			
3				
4				
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49				
50	TOTAL Contributions			

Pension Costs

Year: 2004

1	Plan Name: Pension Plan for the Employees of Cut Bank Gas Co.			
2	Defined Benefit Plan? YES (Terminated 9/30/03)		Defined Contribution Plan? NO	
3	Actuarial Cost Method? Frozen Initial Liability Method With Entry-Age Normal Cost			
4	Is the Plan Over Funded? Terminated		IRS Code: Sec. 401(a)	
5	Annual Contribution by Employer: None			
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	Not Available	Not Available	
8	Service cost	-	-	
9	Interest Cost	None	None	
10	Plan participants' contributions	-	-	
11	Amendments	-	-	
12	Actuarial Gain	-	-	
13	Acquisition	-	-	
14	Benefits paid	-	-	
15	Benefit obligation at end of year	-	713,704	-100.00%
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	746,394	668,851	11.59%
18	Actual return on plan assets	34,798	54,772	-36.47%
19	Acquisition	-	-	
20	Employer contribution	-	22,771	-100.00%
21	Plan participants' contributions	-	-	
22	Benefits paid	(781,192)	-	#DIV/0!
23	Fair value of plan assets at end of year	-	746,394	-100.00%
24	Funded Status	-	32,690	-100.00%
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost	-	32,690	-100.00%
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate		5.50%	-100.00%
31	Expected return on plan assets		3.00%	-100.00%
32	Rate of compensation increase		2.00%	-100.00%
33				
34	Components of Net Periodic Benefit Costs			
35	Service cost	-	22,074	-100.00%
36	Interest cost	-	1,214	-100.00%
37	Expected return on plan assets	-	-	
38	Amortization of prior service cost	-	-	
39	Recognized net actuarial loss	-	-	
40	Net periodic benefit cost	-	23,288	-100.00%
41				
42	Montana Intrastate Costs:			
43	Pension Costs	-	-	
44	Pension Costs Capitalized	-	-	
45	Accumulated Pension Asset (Liability) at Year End	-	-	
46	Number of Company Employees:			
47	Covered by the Plan	-	7	-100.00%
48	Not Covered by the Plan	-	-	
49	Active	-	7	-100.00%
50	Retired	-	-	
51	Deferred Vested Terminated	-	-	

Pension Costs

Year: 2004

1	Plan Name: Cut Bank Gas Co., Inc. Profit Sharing Plan & Trust			
2	Defined Benefit Plan? No	Defined Contribution Plan? YES		
3	Actuarial Cost Method? N/A			
4	Is the Plan Over Funded? No	IRS Code: Sec. 401(a)		
5	Annual Contribution by Employer: \$26,353 - Profit Sharing			
	Item	Current Year	Last Year	% Change
6	Change in Benefit Obligation			
7	Benefit obligation at beginning of year	-	-	
8	Service cost	-	-	
9	Interest Cost	-	-	
10	Plan participants' contributions	-	-	
11	Amendments	-	-	
12	Actuarial Gain	-	-	
13	Acquisition	-	-	
14	Benefits paid	-	-	
15	Benefit obligation at end of year	-	-	
16	Change in Plan Assets			
17	Fair value of plan assets at beginning of year	41,414	28,302	46.33%
18	Actual return on plan assets	3,912	237	1550.63%
19	Acquisition	-	-	
20	Employer contribution	26,353	12,875	104.68%
21	Plan participants' contributions	347,270	-	#DIV/0!
22	Benefits paid	-	-	
23	Fair value of plan assets at end of year	418,949	41,414	911.61%
24	Funded Status	-	-	
25	Unrecognized net actuarial loss	-	-	
26	Unrecognized prior service cost	-	-	
27	Prepaid (accrued) benefit cost	-	-	
28				
29	Weighted-average Assumptions as of Year End			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33				
34	Components of Net Periodic Benefit Costs			
35	Service cost	-	-	
36	Interest cost	-	-	
37	Expected return on plan assets	-	-	
38	Amortization of prior service cost	-	-	
39	Recognized net actuarial loss	-	-	
40	Net periodic benefit cost	-	-	
41				
42	Montana Intrastate Costs:			
43	Pension Costs	-	-	
44	Pension Costs Capitalized	-	-	
45	Accumulated Pension Asset (Liability) at Year End	-	-	
46	Number of Company Employees:			
47	Covered by the Plan	7	7	
48	Not Covered by the Plan	-	-	
49	Active	7	7	
50	Retired	-	-	
51	Deferred Vested Terminated	-	-	

Other Post Employment Benefits (OPEBS)

Item	Current Year	Last Year	% Change
1 Regulatory Treatment:			
2 Commission authorized - most recent			
3 Docket number: _____			
4 Order number: _____			
5 Amount recovered through rates			
6 Weighted-average Assumptions as of Year End	Cut Bank Gas company has no other post employment benefits.		
7 Discount rate			
8 Expected return on plan assets			
9 Medical Cost Inflation Rate			
10 Actuarial Cost Method			
11 Rate of compensation increase			
12 List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:			
13			
14			
15 Describe any Changes to the Benefit Plan:			
16			
17 TOTAL COMPANY			
18 Change in Benefit Obligation			
19 Benefit obligation at beginning of year			
20 Service cost			
21 Interest Cost			
22 Plan participants' contributions			
23 Amendments			
24 Actuarial Gain			
25 Acquisition			
26 Benefits paid			
27 Benefit obligation at end of year			
28 Change in Plan Assets			
29 Fair value of plan assets at beginning of year			
30 Actual return on plan assets			
31 Acquisition			
32 Employer contribution			
33 Plan participants' contributions			
34 Benefits paid			
35 Fair value of plan assets at end of year			
36 Funded Status			
37 Unrecognized net actuarial loss			
38 Unrecognized prior service cost			
39 Prepaid (accrued) benefit cost			
40 Components of Net Periodic Benefit Costs			
41 Service cost			
42 Interest cost			
43 Expected return on plan assets			
44 Amortization of prior service cost			
45 Recognized net actuarial loss			
46 Net periodic benefit cost			
47 Accumulated Post Retirement Benefit Obligation			
48 Amount Funded through VEBA			
49 Amount Funded through 401(h)			
50 Amount Funded through Other _____			
51 TOTAL			
52 Amount that was tax deductible - VEBA			
53 Amount that was tax deductible - 401(h)			
54 Amount that was tax deductible - Other _____			
55 TOTAL			

Other Post Employment Benefits (OPEBS) Continued

Year: 2004

Other Post Employment Benefits (OPEB) Continued		Year: 2004		
	Item	Current Year	Last Year	% Change
1	Number of Company Employees:			
2	Covered by the Plan	Cut Bank Gas company has no other post employment benefits.		
3	Not Covered by the Plan			
4	Active			
5	Retired			
6	Spouses/Dependants covered by the Plan			
7	Montana			
8	Change in Benefit Obligation			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest Cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial Gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	Change in Plan Assets			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	Funded Status			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	Components of Net Periodic Benefit Costs			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	Accumulated Post Retirement Benefit Obligation			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	Montana Intrastate Costs:			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	Number of Montana Employees:			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active			
54	Retired			
55	Spouses/Dependants covered by the Plan			

TOP TEN MONTANA COMPENSATED EMPLOYEES (ASSIGNED OR ALLOCATED)

Line No.	Name/Title	Base Salary	Bonuses	Other	Total Compensation	Total Compensation Last Year	% Increase Total Compensation
1	Daniel Whetstone President	87,472	-	6,123	93,595	89,387	4.71%
2	John D. More Serviceman 1st Class	59,347	-	4,154	63,501	58,319	8.89%
3	Rodney S. Cline Serviceman 2nd Class	54,241	-	3,797	58,038	55,598	4.39%
4	Mark S. Coryell Serviceman 2nd Class	51,465	-	3,603	55,068	52,362	5.17%
5	Thomas F. Shock Serviceman 2nd Class	51,430	-	3,600	55,030	51,371	7.12%
6	S. Jane Lindberg Bookkeeper	45,194	-	3,164	48,358	45,835	5.50%
7	Lori L. Milbrandt Secretary/Receptionist	27,320	-	1,912	29,232	27,870	4.89%
8							
9							
10							

COMPENSATION OF TOP 5 CORPORATE EMPLOYEES - SEC INFORMATION

Line No.	Name/Title	Base Salary	Bonuses	Other	Total Compensation	Total Compensation Last Year	% Increase Total Compensation
1	Daniel Whetstone President	87,472	-	6,123	93,595	89,387	4.71%
2	John D. More Serviceman 1st Class	59,347	-	4,154	63,501	58,319	8.89%
3	Rodney S. Cline Serviceman 2nd Class	54,241	-	3,797	58,038	55,598	4.39%
4	Mark S. Coryell Serviceman 2nd Class	51,465	-	3,603	55,068	52,362	5.17%
5	Thomas F. Shock Serviceman 2nd Class	51,430	-	3,600	55,030	51,371	7.12%

BALANCE SHEET

Year: 2004

	Account Number & Title	Last Year	This Year	% Change
1	Assets and Other Debits			
2	Utility Plant			
3	101 Gas Plant in Service	883,105	891,029	0.90%
4	101.1 Property Under Capital Leases	-	-	
5	102 Gas Plant Purchased or Sold	-	-	
6	104 Gas Plant Leased to Others	-	-	
7	105 Gas Plant Held for Future Use	-	-	
8	105.1 Production Properties Held for Future Use	-	-	
9	106 Completed Constr. Not Classified - Gas	-	-	
10	107 Construction Work in Progress - Gas	-	-	
11	108 (Less) Accumulated Depreciation	(578,825)	(591,557)	-2.20%
12	111 (Less) Accumulated Amortization & Depletion	-	-	
13	114 Gas Plant Acquisition Adjustments	-	-	
14	115 (Less) Accum. Amort. Gas Plant Acq. Adj.	-	-	
15	116 Other Gas Plant Adjustments	-	-	
16	117 Gas Stored Underground - Noncurrent	-	-	
17	118 Other Utility Plant	-	-	
18	119 Accum. Depr. and Amort. - Other Utl. Plant	-	-	
19	TOTAL Utility Plant	304,280	299,472	-1.58%
20	Other Property & Investments			
21	121 Nonutility Property	-	-	
22	122 (Less) Accum. Depr. & Amort. of Nonutil. Prop.	-	-	
23	123 Investments in Associated Companies	-	-	
24	123.1 Investments in Subsidiary Companies	-	-	
25	124 Other Investments	2,368	2,546	7.52%
26	125 Sinking Funds	-	-	
27	TOTAL Other Property & Investments	2,368	2,546	7.52%
28	Current & Accrued Assets			
29	131 Cash	143,472	92,371	-35.62%
30	132-134 Special Deposits	-	-	
31	135 Working Funds	-	-	
32	136 Temporary Cash Investments	-	-	
33	141 Notes Receivable	-	-	
34	142 Customer Accounts Receivable	49,432	97,877	98.00%
35	143 Other Accounts Receivable	2,823	4,162	47.43%
36	144 (Less) Accum. Provision for Uncollectible Accts.	(3,846)	(7,260)	-88.77%
37	145 Notes Receivable - Associated Companies	-	-	
38	146 Accounts Receivable - Associated Companies	-	-	
39	151 Fuel Stock	-	-	
40	152 Fuel Stock Expenses Undistributed	-	-	
41	153 Residuals and Extracted Products	-	-	
42	154 Plant Materials and Operating Supplies	20,241	16,368	-19.13%
43	155 Merchandise	1,376	1,425	3.56%
44	156 Other Material & Supplies	-	-	
45	163 Stores Expense Undistributed	-	-	
46	164.1 Gas Stored Underground - Current	-	-	
47	165 Prepayments	8,680	10,156	17.00%
48	166 Advances for Gas Explor., Devl. & Production	-	-	
49	171 Interest & Dividends Receivable	-	-	
50	172 Rents Receivable	-	-	
51	173 Accrued Utility Revenues	-	-	
52	174 Miscellaneous Current & Accrued Assets	-	-	
53	TOTAL Current & Accrued Assets	222,178	215,099	-3.19%

BALANCE SHEET

Year: 2004

	Account Number & Title	Last Year	This Year	% Change
1	Assets and Other Debits (cont.)			
2				
3	Deferred Debits			
4				
5	181 Unamortized Debt Expense	-	-	
6	182.1 Extraordinary Property Losses	-	-	
7	182.2 Unrecovered Plant & Regulatory Study Costs	-	-	
8	183.1 Prelim. Nat. Gas Survey & Investigation Chrg.	-	-	
9	183.2 Other Prelim. Nat. Gas Survey & Invtg. Chrgs.	-	-	
10	184 Clearing Accounts	-	-	
11	185 Temporary Facilities	-	-	
12	186 Miscellaneous Deferred Debits	There are no Deferred Debits.		
13	187 Deferred Losses from Disposition of Util. Plant	-	-	
14	188 Research, Devel. & Demonstration Expend.	-	-	
15	189 Unamortized Loss on Reacquired Debt	-	-	
16	190 Accumulated Deferred Income Taxes	-	-	
17	191 Unrecovered Purchased Gas Costs	-	-	
18	192.1 Unrecovered Incremental Gas Costs	-	-	
19	192.2 Unrecovered Incremental Surcharges	-	-	
20	TOTAL Deferred Debits	-	-	
21				
22	TOTAL ASSETS & OTHER DEBITS	528,826	517,117	-2.21%
	Account Number & Title	Last Year	This Year	% Change
23	Liabilities and Other Credits			
24				
25	Proprietary Capital			
26				
27	201 Common Stock Issued	90,310	90,310	
28	202 Common Stock Subscribed	-	-	
29	204 Preferred Stock Issued	-	-	
30	205 Preferred Stock Subscribed	-	-	
31	207 Premium on Capital Stock	-	-	
32	211 Miscellaneous Paid-In Capital	-	-	
33	213 (Less) Discount on Capital Stock	-	-	
34	214 (Less) Capital Stock Expense	-	-	
35	215 Appropriated Retained Earnings	-	-	
36	216 Unappropriated Retained Earnings	225,869	174,827	-22.60%
37	217 (Less) Reacquired Capital Stock	-	-	
38	TOTAL Proprietary Capital	316,179	265,137	-16.14%
39				
40	Long Term Debt			
41				
42	221 Bonds	-	-	
43	222 (Less) Reacquired Bonds	-	-	
44	223 Advances from Associated Companies	-	-	
45	224 Other Long Term Debt	-	-	
46	225 Unamortized Premium on Long Term Debt	-	-	
47	226 (Less) Unamort. Discount on L-Term Debt-Dr.	-	-	
48	TOTAL Long Term Debt	-	-	

BALANCE SHEET

Year: 2004

	Account Number & Title	Last Year	This Year	% Change
1				
2	Total Liabilities and Other Credits (cont.)			
3				
4	Other Noncurrent Liabilities			
5				
6	227 Obligations Under Cap. Leases - Noncurrent	-	-	
7	228.1 Accumulated Provision for Property Insurance	-	-	
8	228.2 Accumulated Provision for Injuries & Damages	-	-	
9	228.3 Accumulated Provision for Pensions & Benefits	-	-	
10	228.4 Accumulated Misc. Operating Provisions	-	-	
11	229 Accumulated Provision for Rate Refunds	-	-	
12	TOTAL Other Noncurrent Liabilities	-	-	
13				
14	Current & Accrued Liabilities			
15				
16	231 Notes Payable	70,000	55,084	100.00%
17	232 Accounts Payable	44,361	75,172	69.46%
18	233 Notes Payable to Associated Companies	-	-	
19	234 Accounts Payable to Associated Companies	-	-	
20	235 Customer Deposits	36,303	37,737	3.95%
21	236 Taxes Accrued	8,348	10,811	29.50%
22	237 Interest Accrued	26,456	28,849	9.05%
23	238 Dividends Declared	-	-	
24	239 Matured Long Term Debt	-	-	
25	240 Matured Interest	-	-	
26	241 Tax Collections Payable	-	-	
27	242 Miscellaneous Current & Accrued Liabilities	14,269	30,856	116.25%
28	243 Obligations Under Capital Leases - Current	-	-	
29	TOTAL Current & Accrued Liabilities	199,737	238,509	19.41%
30				
31	Deferred Credits			
32				
33	252 Customer Advances for Construction	-	-	
34	253 Other Deferred Credits	-	-	
35	255 Accumulated Deferred Investment Tax Credits	-	-	
36	256 Deferred Gains from Disposition Of Util. Plant	-	-	
37	257 Unamortized Gain on Reacquired Debt	-	-	
38	281-283 Accumulated Deferred Income Taxes	12,910	13,471	4.35%
39	TOTAL Deferred Credits	12,910	13,471	4.35%
40				
41	TOTAL LIABILITIES & OTHER CREDITS	528,826	517,117	-2.21%

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2004

	Account Number & Title	Last Year	This Year	% Change
1	Intangible Plant			
2				
3	301 Organization	11,354	11,354	
4	302 Franchises & Consents	1,770	1,770	
5	303 Miscellaneous Intangible Plant	30,000	30,000	
6				
7	TOTAL Intangible Plant	43,124	43,124	
8				
9	Production Plant			
10				
11	Production & Gathering Plant			
12				
13	325.1 Producing Lands	-	-	
14	325.2 Producing Leaseholds	12,877	12,877	
15	325.3 Gas Rights	-	-	
16	325.4 Rights-of-Way	-	-	
17	325.5 Other Land & Land Rights	-	-	
18	326 Gas Well Structures	-	-	
19	327 Field Compressor Station Structures	6,590	6,590	
20	328 Field Meas. & Reg. Station Structures	-	-	
21	329 Other Structures	-	-	
22	330 Producing Gas Wells-Well Construction	8,159	8,159	
23	331 Producing Gas Wells-Well Equipment	101,835	101,835	
24	332 Field Lines	691	691	
25	333 Field Compressor Station Equipment	24,032	24,032	
26	334 Field Meas. & Reg. Station Equipment	1,276	1,276	
27	335 Drilling & Cleaning Equipment	-	-	
28	336 Purification Equipment	-	-	
29	337 Other Equipment	-	-	
30	338 Unsuccessful Exploration & Dev. Costs	-	-	
31				
32	Total Production & Gathering Plant	155,460	155,460	
33				
34	Products Extraction Plant			
35				
36	340 Land & Land Rights	-	-	
37	341 Structures & Improvements	-	-	
38	342 Extraction & Refining Equipment	-	-	
39	343 Pipe Lines	-	-	
40	344 Extracted Products Storage Equipment	-	-	
41	345 Compressor Equipment	-	-	
42	346 Gas Measuring & Regulating Equipment	-	-	
43	347 Other Equipment	-	-	
44				
45	Total Products Extraction Plant	-	-	
46				
47	TOTAL Production Plant	155,460	155,460	

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2004

	Account Number & Title	Last Year	This Year	% Change
1				
2	Natural Gas Storage and Processing Plant			
3				
4	Underground Storage Plant			
5				
6	350.1 Land	There are no storage and processing plant assets		
7	350.2 Rights-of-Way			
8	351 Structures & Improvements		-	-
9	352 Wells		-	-
10	352.1 Storage Leaseholds & Rights		-	-
11	352.2 Reservoirs		-	-
12	352.3 Non-Recoverable Natural Gas		-	-
13	353 Lines		-	-
14	354 Compressor Station Equipment		-	-
15	355 Measuring & Regulating Equipment	-	-	-
16	356 Purification Equipment	-	-	-
17	357 Other Equipment	-	-	-
18				
19	Total Underground Storage Plant	-	-	
20				
21	Other Storage Plant			
22				
23	360 Land & Land Rights	-	-	
24	361 Structures & Improvements	-	-	
25	362 Gas Holders	-	-	
26	363 Purification Equipment	-	-	
27	363.1 Liquification Equipment	-	-	
28	363.2 Vaporizing Equipment	-	-	
29	363.3 Compressor Equipment	-	-	
30	363.4 Measuring & Regulating Equipment	-	-	
31	363.5 Other Equipment	-	-	
32				
33	Total Other Storage Plant	-	-	
34				
35	TOTAL Natural Gas Storage and Processing Plant	-	-	
36				
37	Transmission Plant			
38				
39	365.1 Land & Land Rights	-	-	
40	365.2 Rights-of-Way	-	-	
41	366 Structures & Improvements	-	-	
42	367 Mains	792	792	
43	368 Compressor Station Equipment	-	-	
44	369 Measuring & Reg. Station Equipment	-	-	
45	370 Communication Equipment	-	-	
46	371 Other Equipment	-	-	
47				
48	TOTAL Transmission Plant	792	792	

MONTANA PLANT IN SERVICE (ASSIGNED & ALLOCATED)

Year: 2004

	Account Number & Title	Last Year	This Year	% Change
1				
2	Distribution Plant			
3				
4	374 Land & Land Rights	-	-	
5	375 Structures & Improvements	-	-	
6	376 Mains	225,026	228,873	1.71%
7	377 Compressor Station Equipment	-	-	
8	378 Meas. & Reg. Station Equipment-General	-	-	
9	379 Meas. & Reg. Station Equipment-City Gate	19,359	18,379	-5.06%
10	380 Services	9,214	7,541	-18.16%
11	381 Meters	137,505	142,760	3.82%
12	382 Meter Installations	44,054	42,433	-3.68%
13	383 House Regulators	-	-	
14	384 House Regulator Installations	-	-	
15	385 Industrial Meas. & Reg. Station Equipment	-	-	
16	386 Other Prop. on Customers' Premises	-	-	
17	387 Other Equipment	-	-	
18				
19	TOTAL Distribution Plant	435,158	439,986	1.11%
20				
21	General Plant			
22				
23	389 Land & Land Rights	10,000	10,000	
24	390 Structures & Improvements	78,840	78,840	
25	391 Office Furniture & Equipment	20,230	20,230	
26	392 Transportation Equipment	82,971	82,630	-0.41%
27	393 Stores Equipment	-	-	
28	394 Tools, Shop & Garage Equipment	5,972	9,409	57.55%
29	395 Laboratory Equipment	-	-	
30	396 Power Operated Equipment	49,287	49,287	
31	397 Communication Equipment	510	510	
32	398 Miscellaneous Equipment	761	761	
33	399 Other Tangible Property	-	-	
34				
35	TOTAL General Plant	248,571	251,667	1.25%
36				
37	TOTAL Gas Plant in Service	883,105	891,029	0.90%

MONTANA DEPRECIATION SUMMARY

Year: 2004

	Functional Plant Classification	Plant Cost	Accumulated Depreciation		Current Avg. Rate
			Last Year Bal.	This Year Bal.	
1	Production & Gathering	155,460	139,370	142,178	-
2	Products Extraction	-	-	-	-
3	Underground Storage	-	-	-	-
4	Other Storage	-	-	-	-
5	Transmission	792	774	790	-
6	Distribution	439,986	261,157	263,276	-
7	General	251,667	177,524	185,313	-
8	TOTAL	847,905	578,825	591,557	-

SCHEDULE 21**MONTANA MATERIALS & SUPPLIES (ASSIGNED & ALLOCATED)**

	Account	Last Year Bal.	This Year Bal.	%Change
1				
2	151 Fuel Stock	-	-	
3	152 Fuel Stock Expenses - Undistributed	-	-	
4	153 Residuals & Extracted Products	-	-	
5	154 Plant Materials & Operating Supplies:			
6	Assigned to Construction (Estimated)	-	-	
7	Assigned to Operations & Maintenance	-	-	
8	Production Plant (Estimated)	-	-	
9	Transmission Plant (Estimated)	-	-	
10	Distribution Plant (Estimated)	20,241	16,368	-19.13%
11	Assigned to Other	-	-	
12	155 Merchandise	1,376	1,425	3.56%
13	156 Other Materials & Supplies	-	-	
14	163 Stores Expense Undistributed	-	-	
15				
16	TOTAL Materials & Supplies	21,617	17,793	-17.69%

SCHEDULE 22**MONTANA REGULATORY CAPITAL STRUCTURE & COSTS**

	Commission Accepted - Most Recent		% Cap. Str.	% Cost Rate	Weighted Cost
1	Docket Number	D2000.11.185			
2	Order Number	6311b	Pass throughs not included		
3					
4	Common Equity	193,688	55.00%	11.000	3.71
5	Preferred Stock	-	-	-	-
6	Long Term Debt	158,472	45.00%	11.000	6.05
7	Other	-	-	-	-
8	TOTAL	352,160	100.00%		9.76
9					
10	Actual at Year End				
11					
12	Common Equity	265,137	100.00%	-	-
13	Preferred Stock	-	-	-	-
14	Long Term Debt	-	-	-	-
15	Other	-	-	-	-
16	TOTAL	265,137	100.00%		-

STATEMENT OF CASH FLOWS

Year: 2004

	Description	Last Year	This Year	% Change
1				
2	Increase/(decrease) in Cash & Cash Equivalents:			
3				
4	Cash Flows from Operating Activities:			
5	Net Income	7,758	(19,433)	-350.49%
6	Depreciation	28,918	33,161	14.67%
7	Patronage Dividend	(169)	(231)	-36.69%
8	Deferred Income Taxes - Net	(615)	561	191.22%
9	Investment Tax Credit Adjustments - Net	-	-	
10	Change in Operating Receivables - Net	13,350	(46,370)	-447.34%
11	Change in Materials, Supplies & Inventories - Net	517	3,824	639.65%
12	Change in Operating Payables & Accrued Liabilities - Net	7,650	53,713	602.13%
13	Allowance for Funds Used During Construction (AFUDC)	-	-	
14	Change in Other Assets & Liabilities - Net	1,413	(1,501)	-206.23%
15	Other Operating Activities	-	-	-100.00%
16	Net Cash Provided by/(Used in) Operating Activities	58,822	23,724	-59.67%
17				
18	Cash Inflows/Outflows From Investment Activities:			
19	Construction/Acquisition of Property, Plant and Equipment			
20	(net of AFUDC & Capital Lease Related Acquisitions)	(66,658)	(29,333)	55.99%
21	Acquisition of Other Noncurrent Assets	-	-	
22	Proceeds from Disposal of Noncurrent Assets	-	1,033	#DIV/0!
23	Investments In and Advances to Affiliates	-	-	
24	Contributions and Advances from Affiliates	-	-	
25	Disposition of Investments in and Advances to Affiliates	-	-	
26	Other Investing Activities (explained on attached page)	-	-	
27	Net Cash Provided by/(Used in) Investing Activities	(66,658)	(28,300)	57.54%
28				
29	Cash Flows from Financing Activities:			
30	Proceeds from Issuance of:			
31	Long-Term Debt	-	-	
32	Preferred Stock	-	-	
33	Common Stock	-	-	
34	Other:	-	-	
35	Net Increase in Short-Term Debt	70,000	-	-100.00%
36	Other:	-	-	
37	Payment for Retirement of:	-	-	
38	Long-Term Debt	-	-	
39	Preferred Stock	-	-	
40	Common Stock	-	-	
41	Other:	-	-	
42	Net Decrease in Short-Term Debt	-	(14,916)	#DIV/0!
43	Dividends on Preferred Stock	-	-	
44	Dividends on Common Stock	(31,609)	(31,609)	
45	Other Financing Activities (explained on attached page)	-	-	
46	Net Cash Provided by (Used in) Financing Activities	38,391	(46,525)	-221.19%
47				
48	Net Increase/(Decrease) in Cash and Cash Equivalents	30,555	(51,101)	-267.24%
49	Cash and Cash Equivalents at Beginning of Year	112,917	143,472	27.06%
50	Cash and Cash Equivalents at End of Year	143,472	92,371	-35.62%

LONG TERM DEBT

	Description	Issue Date Mo./Yr.	Maturity Date Mo./Yr.	Principal Amount	Net Proceeds	Outstanding Per Balance Sheet	Yield to Maturity	Annual Net Cost Inc. Prem/Disc.	Total Cost %
1									
2									
3	Cut Bank Gas Company has no long-term debt.								
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32	TOTAL								

Company Name: Cut Bank Gas Company

Year: 2004

PREFERRED STOCK

	Series	Issue Date Mo./Yr.	Shares Issued	Par Value	Call Price	Net Proceeds	Cost of Money	Principal Outstanding	Annual Cost	Embed. Cost %
1										
2										
3	Cut Bank Gas Company has no preferred stock.									
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
31										
32	TOTAL									

Company Name: Cut Bank Gas Company

COMMON STOCK

Year: 2004

		Avg. Number of Shares Outstanding	Book Value Per Share	Earnings Per Share	Dividends Per Share	Retention Ratio	Market Price High	Market Price Low	Price/ Earnings Ratio
1									
2									
3									
4	January								
5									
6	February								
7									
8	March								
9									
10	April								
11									
12	May								
13									
14	June								
15									
16	July								
17									
18	August								
19									
20	September								
21									
22	October								
23									
24	November								
25									
26	December								
27									
28									
29									
30									
31									
32	TOTAL Year End	9,031	\$ 29.36	\$ (2.15)	\$ 3.50	N/A	N/A	N/A	N/A

Information only available for the fiscal
year end of June, 2004

MONTANA EARNED RATE OF RETURN

Year: 2004

	Description	Last Year	This Year	% Change
1	Rate Base			
2	101 Plant in Service	883,105	891,029	0.90%
3	108 (Less) Accumulated Depreciation	(578,825)	(591,557)	-2.20%
4	NET Plant in Service	304,280	299,472	-1.58%
5				
6	Additions			
7	154, 156 Materials & Supplies	20,241	16,368	-19.13%
8	165 Prepayments	8,680	10,156	17.00%
9	Other Additions (Schedule 27A)	83,006	92,157	11.02%
10	TOTAL Additions	111,927	118,681	6.03%
11				
12	Deductions			
13	190 Accumulated Deferred Income Taxes	-	-	
14	252 Customer Advances for Construction	-	-	
15	255 Accumulated Def. Investment Tax Credits	-	-	
16	Other Deductions - Customer Deposits	36,303	37,737	3.95%
17	TOTAL Deductions	36,303	37,737	3.95%
18	TOTAL Rate Base	379,904	380,416	0.13%
19				
20	Net Earnings	7,758	(19,433)	-350.49%
21				
22	Rate of Return on Average Rate Base	2.15%	-5.11%	-337.76%
23				
24	Rate of Return on Average Equity	2.36%	-6.69%	-383.30%
25				
26	Major Normalizing Adjustments & Commission			
27	Ratemaking adjustments to Utility Operations			
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47	Adjusted Rate of Return on Average Rate Base	2.15%	-5.11%	-337.76%
48				
49	Adjusted Rate of Return on Average Equity	2.36%	-6.69%	-383.30%

SCHEDULE 27A

CUT BANK GAS CO.
SCHEDULE TO ATTACH TO PSC REPORT
JUNE 30, 2004

LINE 9 SCH 27 / Per Commission Order #6311b

	LAST YEAR	THIS YEAR	% CHANGE
Operating expenses	1,083,754	1,578,470	45.65%
Maintenance expenses	84,800	107,326	26.56%
Taxes other than income taxes	54,514	67,549	23.91%
	1,223,068	1,753,345	43.36%
Less:			
Purchased Gas	559,024	1,016,092	81.76%
	664,044	737,253	11.02%
Divided by	8	8	
1/8 Op. & Maint. for working capital	<u>83,006</u>	<u>92,157</u>	11.02%

MONTANA COMPOSITE STATISTICS

Year: 2004

	Description	Amount
1		
2	Plant (Intrastate Only) (000 Omitted)	
3		
4	101 Plant in Service	891,029
5	107 Construction Work in Progress	-
6	114 Plant Acquisition Adjustments	-
7	105 Plant Held for Future Use	-
8	154, 156 Materials & Supplies	16,368
9	(Less):	
10	108, 111 Depreciation & Amortization Reserves	(591,557)
11	252 Contributions in Aid of Construction	
12		
13	NET BOOK COSTS	315,840
14		
15	Revenues & Expenses (000 Omitted)	
16		
17	400 Operating Revenues	1,764,373
18		
19	403 - 407 Depreciation & Amortization Expenses	33,161
20	Federal & State Income Taxes	50
21	Other Taxes	68,110
22	Other Operating Expenses	1,684,421
23	TOTAL Operating Expenses	1,785,742
24		
25	Net Operating Income	(21,369)
26		
27	415 - 421.1 Other Income	3,311
28	421.2 - 426.5 Other Deductions	1,375
29		
30	NET INCOME	(19,433)
31		
32	Customers (Intrastate Only)	
33		
34	Year End Average:	
35	Residential	1,266
36	Commercial	264
37	Industrial	-
38	Other	-
39		
40	TOTAL NUMBER OF CUSTOMERS	1,530
41		
42	Other Statistics (Intrastate Only)	
43		
44	Average Annual Residential Use (Mcf or Dkt)	146.91 Mcf
45	Average Annual Residential Cost per (Mcf or Dkt) (\$) *	\$ 7.85
46	* Avg annual cost = [(cost per Mcf or Dkt x annual use) + (mo. svc chrg x 12)]/annual use	
47	Average Residential Monthly Bill	\$ 96.10
48	Gross Plant per Customer	\$ 582.37

Company Name: Cut Bank Gas Company

MONTANA CUSTOMER INFORMATION

Year: 2004

	City/Town	Population (Include Rural)	Residential Customers	Commercial Customers	Industrial & Other Customers	Total Customers
1	Cut Bank	4,000	1,266	264		1,530
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
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23						
24						
25						
26						
27						
28						
29						
30						
31						
32	TOTAL Montana Customers	4,000	1,266	264		1,530

MONTANA EMPLOYEE COUNTS

Year: 2004

	Department	Year Beginning	Year End	Average
1	Administration	1	1	1
2	Service	4	4	4
3	Office	2	2	2
4				
5				
6				
7				
8				
9				
10				
11				
12				
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40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50	TOTAL Montana Employees	7	7	7

MONTANA CONSTRUCTION BUDGET (ASSIGNED & ALLOCATED)

Year: 2005

	Project Description	Total Company	Total Montana
1			
2	Cut Bank Gas Company does not project a construction budget.		
3			
4			
5			
6			
7			
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41			
42			
43			
44			
45			
46			
47			
48			
49			
50	TOTAL		

TRANSMISSION SYSTEM - TOTAL COMPANY & MONTANA

Year: 2004

Total Company				
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
1	January	Cut Bank Gas Company does not have a transmission system.		
2	February			
3	March			
4	April			
5	May			
6	June			
7	July			
8	August			
9	September			
10	October			
11	November			
12	December			
13	TOTAL			

Montana				
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
14	January			
15	February			
16	March			
17	April			
18	May			
19	June			
20	July			
21	August			
22	September			
23	October			
24	November			
25	December			
26	TOTAL			

DISTRIBUTION SYSTEM - TOTAL COMPANY & MONTANA

Year: 2004

Total Company				
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
1	January	Cut Bank Gas Company does not have the equipment to measure for this.		
2	February			
3	March			
4	April			
5	May			
6	June			
7	July			
8	August			
9	September			
10	October			
11	November			
12	December			
13	TOTAL			

Montana				
		Peak Day of Month	Peak Day Volumes Mcf or Dkt	Total Monthly Volumes Mcf or Dkt
14	January			
15	February			
16	March			
17	April			
18	May			
19	June			
20	July			
21	August			
22	September			
23	October			
24	November			
25	December			
26	TOTAL			

STORAGE SYSTEM - TOTAL COMPANY & MONTANA

Total Company												
Peak Day of Month		Peak Day Volumes (Mcf or Dkt)		Total Monthly Volumes (Mcf or Dkt)								
Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Losses
Cut Bank Gas Company does not have a storage system.												
1	January											
2	February											
3	March											
4	April											
5	May											
6	June											
7	July											
8	August											
9	September											
10	October											
11	November											
12	December											
13	TOTAL											

Montana												
Peak Day of Month		Peak Day Volumes (Mcf or Dkt)		Total Monthly Volumes (Mcf or Dkt)								
Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Injection	Withdrawal	Losses
14	January											
15	February											
16	March											
17	April											
18	May											
19	June											
20	July											
21	August											
22	September											
23	October											
24	November											
25	December											
26	TOTAL											

SOURCES OF GAS SUPPLY

Year: 2004

	Name of Supplier	Last Year Volumes Mcf or Dkt	This Year Volumes Mcf or Dkt	Last Year Avg. Commodity Cost	This Year Avg. Commodity Cost
1	Montana Power	175,094 Mcfs @14.90	159,753 Mcfs @14.90	\$3.193	\$6.360
2					
3	Cut Bank Gas Company - Royalty	37,934 Mcfs @14.73	39,512 Mcfs @ 14.73	\$0.259	\$0.390
4					
5					
6					
7					
8					
9					
10					
11					
12					
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33	Total Gas Supply Volumes	213,028 Mcfs	199,265 Mcfs	\$2.670	\$5.177

MONTANA CONSERVATION & DEMAND SIDE MANAGEMENT PROGRAMS Year: 2004

	Program Description	Current Year Expenditures	Last Year Expenditures	% Change	Planned Savings (Mcf or Dkt)	Achieved Savings (Mcf or Dkt)	Difference
1	Cut Bank Gas Company does not have conservation and demand side management programs.						
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32	TOTAL						

MONTANA CONSUMPTION AND REVENUES

Year: 2004

	Sales of Gas	Operating Revenues		MCF Sold		Avg. No. of Customers	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1	Residential	Considered one class					
2	Commercial - Small						
3	Commercial - Large						
4	Industrial - Small						
5	Industrial - Large						
6	Interruptible Industrial						
7	Other Sales to Public Authorities						
8	Sales to Other Utilities						
9	Interdepartmental						
10							
11	TOTAL	1,764,373	1,251,586	224,771	236,408	1,530	1,554
12							
13							
14							
15	Transportation of Gas	Operating Revenues		BCF Transported		Avg. No. of Customers	
16		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
17							
18							
19	Utilities	Cut Bank Gas Company has no Transmission Revenue.					
20							
21							
22							
23	Industrial						
24	Other						
25	TOTAL						